

World Agriculture & Trade



U.S. Ag Exports to Edge Higher In Fiscal 2001

In 2001, for the second year in a row, the value of U.S. agricultural exports will climb, according to USDA projections. Exports should increase 2 percent over revised estimates for fiscal 2000, to \$51.5 billion, marking a continuing upswing since the Asian financial setbacks of 1997–99. A rise in volume (quantity) accounts for much of this gain, as large global supplies of many commodities are expected to keep prices relatively low, especially for bulk commodities (with the exception of cotton).

Continued strong world economic growth and resultant higher global demand for U.S. agricultural products should help boost export volume overall, with most of this gain in corn and wheat shipments. USDA anticipates the largest export volume of bulk commodities since fiscal 1995—121.9 million tons. A predicted 4.5-percent gain in the dollar value of bulk exports in fiscal 2001 over 2000—to \$18.5 billion—mainly reflects the anticipated increase of 9.5 million tons in the volume of bulk commodities exported.

Exports of high-value products (HVP's)—that is, all agricultural exports other than bulk commodities—are projected up just 0.6 percent to \$33 billion. Horticultural products and soybean oil are projected up,

offsetting a reduction in livestock, poultry, and dairy products. The share of HVP's in total U.S. agricultural exports is likely to drop 1 percent from 2000, to 64 percent.

Demand for U.S. agricultural exports is expected to increase, reflecting favorable economic conditions worldwide.

Expansion of gross domestic product (GDP) in the European Union (EU) will likely slow but should remain healthy in 2001, at above 3 percent. The rate of GDP growth in Japan, a country still experiencing poor financial-sector performance, is projected to reach 2 percent in 2001, a gain from 2000. Even though the rate of GDP growth in the U.S. will likely slow from its 2000 pace, it should still register at the relatively high rate of 3.5 percent.

The dollar is expected to appreciate against currencies of most developing countries in 2001, including the Mexican peso. The dollar is expected to depreciate

against the euro, the yen, and the Canadian dollar, which would make U.S. exports more competitive in developed country markets. An overall trade-weighted decline in the dollar exchange rate, together with continued low domestic commodity prices, should boost U.S. trade competitiveness in 2001.

Fiscal 2001 U.S. agricultural imports are expected to rise to \$39.5 billion. Although more modest in magnitude than in recent years, this is the fourteenth consecutive projected import gain. Reining in import increases will be slower U.S. economic growth in fiscal 2001 and a buildup of domestic supplies. Most of the gain in imports is projected to occur in horticultural products—fruits, vegetables, and wine and malt beverages—which should see higher import volume as well as higher import prices. A small gain in animal product imports is also forecast. These commodities tend to respond to U.S. economic growth which, while slowing, will still be strong in 2001. With larger growth in exports than in imports, the U.S. agricultural trade surplus will advance 4 percent to \$12 billion—a fairly low trade surplus for the U.S. and well below the fiscal 1996 record.

Gains in Volume Push Up Bulk Value

Bulk commodities will account for 36 percent of total U.S. agricultural exports, up from 35 percent in 2000. Export volume of corn, wheat, soybeans, and cotton is projected to rise, pushing up the export value of each commodity except soybeans (soybean prices are forecast lower).

Corn will account for two-thirds of the projected gain in export volume for 2001. But exports of other coarse grains, particularly sorghum, are expected to decline, holding down overall volume growth in coarse grain exports. Corn exports will be buoyed by reduced export competition

This is the initial forecast of agricultural exports for 2001 (released August 30, 2000). *Bulk commodities* include wheat, rice, feed grains, soybeans, cotton, and tobacco. *High-value products* (HVP's) comprise total exports minus bulk commodities. HVP's include semiprocessed and processed grains and oilseeds (e.g., soybean meal and oil), animals and animal products, horticultural products, and sugar and tropical products. Appendix table 27 presents a breakout of U.S. agricultural exports and imports by major commodity group—both volume and value—for 1999–2001.

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from China and Eastern Europe and by stronger global demand. China's 2001 corn production is forecast down 10 percent, and its prospective exports have been cut by more than half.

Much of the increase in wheat export value will also result from gains in volume, as U.S. wheat stocks are expected to remain high and thus to depress prices. Export volume is forecast up as drought reduces output in North Africa and as production falls in Iran and China. Also boosting U.S. wheat exports is an expected decline in export competition from Eastern Europe.

U.S. rice exports are projected slightly below both the volume and value of 2000. Strong export competition will limit U.S. export volume, while large exportable global supplies will keep prices low and hold down export value. All the major Asian exporters—China, Thailand, Vietnam, India, and Pakistan—are expected to increase exports in 2001. An expected smaller, but still large, 2000/01 U.S. rice crop will also tend to lower U.S. exports.

China's rising demand for soybean imports will play a major role in pushing up fiscal 2001 U.S. soybean exports. However, rising global soybean supplies from the record production projected for the U.S., Argentina, and Brazil will weaken prices, and U.S. soybean export value is expected to fall. Both Brazil and Argentina, however, continue to export mainly soybean meal rather than soybeans, so export competition will not rise substantially.

Projections are for U.S. cotton exports in 2001 to continue recovering from the dismal 1998/99 season. Higher U.S. production should contribute to gains in both export volume and export value. Strong global demand for cotton will be a major factor in 2001, as world economies continue to recover. Imports are expected to rise in several major U.S. cotton markets

U.S. Agricultural Exports to Post Second Consecutive Gain

	1996	1997	1998	1999	2000	2001
\$ billion						
Grain and feeds	21.6	16.5	14.1	14.4	13.6	13.6
Oilseeds and products	9.7	11.5	11.1	8.7	8.7	8.7
Livestock products	8.1	7.7	7.6	7.2	8.4	8.4
Poultry and products	2.7	2.9	2.7	2.1	2.3	2.2
Dairy products	0.7	0.8	0.9	0.9	1.0	0.9
Tobacco, unmanufactured	1.4	1.6	1.4	1.4	1.3	1.3
Cotton and linters	3.0	2.7	2.5	1.3	1.8	2.6
Seeds	0.7	0.8	0.8	0.8	0.8	0.9
Horticultural products	10.0	10.6	10.3	10.3	10.4	10.7
Sugar and tropical	1.9	2.1	2.1	2.0	2.2	2.2
Total	59.8	57.3	53.6	49.1	50.5	51.5

Fiscal years. 2000 forecast; 2001 projected. Based on commodity forecasts in August 11, 2000 *World Agricultural Supply and Demand Estimates*. Total includes miscellaneous products.

Economic Research Service, USDA

whose economic growth prospects are particularly attractive—China, Mexico, Southeast Asia, Turkey, and the EU. Additionally, a decline in export competition is anticipated, as reduced exports are forecast for China, Pakistan, and Central Asia.

Slower Growth in HVP Exports Projected

USDA forecasts total U.S. exports of high-value products in 2001 at \$33 billion, compared with \$32.8 billion in 2000 (aggregate HVP volume is not measured). Exports of U.S. horticultural products should be up 3 percent, just offsetting a 2-percent decline in exports of livestock, poultry, and dairy products. Exports of soybean oil are also expected to rise.

Exports of fruits and vegetables will account for most of the increase in U.S. horticultural shipments. Factors expected to contribute to a 3-percent rise in U.S. fruit exports are the opening of China's citrus market; continued strong economic expansion in major importing countries of Canada, Mexico, and Asia; and continued large U.S. orange supplies. Canada, Mexico, and Asia are major markets for U.S. vegetable exports as well, and U.S. vegetable exports are predicted up 3 per-

cent. No change is forecast for exports of tree nuts; even with lower output predicted, world tree nut supplies remain sizable.

The record U.S. soybean crop and continued gains in demand for soybean meal will be partly offset by greater export competition from Brazil and Argentina in the soybean meal market. U.S. soybean meal exports are projected up 5 percent in volume to 6.7 million tons. Export value should hold at its 2000 level, as larger global supplies reduce prices. Slowing growth of Malaysian palm oil production is expected to reduce competition from other edible oils and increase U.S. soybean oil exports by one-third, to 800,000 tons and \$400 million.

Continued strength in beef and pork prices should raise meat export value in 2001, while tighter U.S. supplies should lower export volume about 5 percent. U.S. poultry will face increased competition in Asian markets, and export value and volume are forecast to slip slightly in 2001. Export value of U.S. dairy products is expected to fall because of a decrease in products moving under Dairy Export Incentive Program contracts. **AO**

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